GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:434
ANSWERED ON:22.08.2003
VANISHED COMPANIES
ASHOK KUMAR SINGH CHANDEL

Will the Minister of FINANCE be pleased to state:

(a) Whether 185 private companies which had floated public issues in the share market have vanished with Rs. 1150 crore of common investors;

(b) If so, the names of all those companies along-with the details of the amount of money owed by them;

(c) The action taken against those vanishing companies under the various provisions of the Companies Act,1956;

(d) whether Securities and Exchange Board of India (SEBI)had made proper assessment in regard to the functioning of the above companies at the time of floating of shares by them ;

(e) if so, whether the SEBI had allowed those companies toissue their share in the market by neglecting the shortcoming noticed by it in their claims after its assessment ;

(f) if so, whether the government have taken /propose to take any action against the officers of SEBI; and

(g) if so, the details thereof?

Answer

FINANCE MINISTER (SHRI JASWANT SINGH)

(a) to (g) : A statement is placed on the Table of the House.

Statement referred to in reply to the Lok Sabha Starred Question number 434 for 22nd of August, 2003 regarding"Vanished Companies` raised by Shri Ashok Kumar Singh Chandel.

(a) : Yes Sir.

(b) : The names of the companies and the issue size are at Annexure I.

(c) : Prosecutions under Sections 62/63, 68 and 628 of the Companies Act have been launched against 149 companies. Prosecutions for non-filing of statutory returns have been launched against 142 companies. First Information Reportshave been filed in 50 cases for offences punishable under the Indian Penal Code.

(d) & (e) : The issue of capital and related matters are governed by the provisions of the Companies Act 1956. The companies which floated public issues after 1992 were required, in addition, to comply with the disclosure requirements laid down by SEBI under the then SEBI (Disclosure and Investor Protection) Guidelines. In accordance with the statutory requirement applicable at that time, a copy of the draft prospectus was filed with SEBI for vetting to ensure compliance with the 1992 guidelines.

(f) and (g) : Do not arise in view of answer to parts (d) and (e).